13

STANDING COMMITTEE ON

PETROLEUM & NATURAL GAS

(2011-12)

FIFTEENTH LOK SABHA

MINISTRY OF PETROLEUM & NATURAL GAS

CITY GAS DISTRIBUTION PROJECTS

THIRTEENTH REPORT

LOK SABHA SECRETARIAT

NEW DELHI

July, 2012/ Asadha, 1934 (Saka)

THIRTEENTH REPORT

CP&NG No. 13

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CITY GAS DISTRIBUTION PROJECTS

Presented to Speaker Lok Sabha on 26.7.2012

Presented to Lok Sabha on 9.8.2012

Laid in Rajya Sabha on 9.8.2012

LOK SABHA SECRETARIAT

NEW DELHI

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(iii)

COMPOSITION OF THE STANDING COMMITTEE ON PETROLEUM & NATURAL GAS
(2011-12)

Shri Aruna Kumar Vundavalli - Chairman

Lok Sabha

2 Shri Vikrambhai Arjanbhai Madam Ahir
3 Shri Badruddin Ajmal
4 Shri Ramesh Bais
5 Shri Sudarshan Bhagat
6 Shri Sanjay Singh Chauhan
7 Smt. Santosh Chowdhary
8 Shri Raosaheb Dadarao Danve
9 Shri Kalikesh N. Singh Deo
10 Shri Mukeshkumar Bheravdanji Gadhvi
11 Shri Dilipkumar Mansukhlal Gandhi
12 Dr. Thokchom Meinya
13 Shri Mahabal Mishra
14 Shri Kabindra Purkayastha
15 Shri M.B. Rajesh
16 Shri C.L. Ruala
17 Shri Brijbhushan Sharan Singh
18 Shri Dhananjay Singh
19 Shri Uday Pratap Singh
20 Shri C. Sivasami
21 Shri Thol Thirumaavalavan

(iv)
Rajya Sabha

22 Dr. Akhilesh Das Gupta
23 Shri Ahmed Patel
24 Smt. Gundu Sudharani
25 Dr. Prabha Thakur
26 Prof. Ram Gopal Yadav
27 Shri Sabir Ali
28 Shri Pankaj Bora
29 Shri Tapan Kumar Sen
30 Shri Shankarbhai N. Vegad
31 Shri Mansukh L. Mandaviya

SECRETARIAT

1.	Shri A.K.Singh	Joint Secretary
2.	Smt. Anita Jain	Director
3.	Shri H.Ram Prakash	Deputy Secretary

INTRODUCTION

I, the Chairman, Standing Committee on Petroleum & Natural Gas having been authorised by the Committee to submit the Report on their behalf present this Thirteenth Report on 'City Gas Distribution Projects'.

2. The Committee took evidence of the representatives of the Ministry of Petroleum & Natural Gas at their sittings held on 24.3.2011, 20.4.2011, 10.8.2011 and 20.12.2011.

3. The Committee considered and adopted the Report at their sitting held on 11.6.2012.

4. The Committee wish to express their thanks to the representatives of the Ministry of Petroleum and Natural Gas and the Public Sector Undertakings/Organisations concerned for placing their views before them and furnishing the information desired in connection with examination of the subject.

5. The Committee also place on record their appreciation for the invaluable assistance rendered to them by the officers of the Lok Sabha Secretariat attached to the Committee.

New Delhi;
__ July, 2012
Asadha, 1934 (Saka)

ARUNA KUMAR VUNDAVALLI,
Chairman,
Standing Committee on Petroleum & Natural Gas.

REPORT

INTRODUCTION

The use of natural gas as fuel for city energy purposes is increasing world wide due to its many impressive advantages over traditional choices of fuels like petrol, diesel etc. Besides being more dependable, energy efficient and economical the natural gas is the cleanest of all the fossil fuels having considerably low emission levels, making it best energy choice for a wholesome environment. In view to address mounting pollution level and to improve upon the deteriorating air quality in urban areas, there is an urgent need to switch over from traditional liquid fuels to natural gas for transportation and other energy requirement. The Government, therefore, has been promoting its most efficient use in city gas distribution projects in various cities as a safer, cleaner and convenient energy option for urban population. City Gas Distribution (CGD) Project consists of supplying of Compressed Natural Gas (CNG) for transport sector and Piped Natural Gas (PNG) to domestic, commercial & industrial customers.

1.2 Gas Authority of India Limited, a public sector undertaking is the pioneer in city gas distribution in India. It launched pilot project in 1990 in two metros Delhi and Mumbai through joint venture companies Indraprasth a Gas Limited (IGL) and Mahanagar Gas Limited (MGL) leading to start of commercial operation in city gas projects. At present, CGD is operational in 77 cities and towns serving about 16.70 lakh PNG consumers, operating 597 CNG stations supplying CNG to over 16 lakh vehicles benefitting a large number of the residents of these cities. According to Vision 2015 programme of the Government, 201 more cities are to be covered by the PNG/CNG network. As such efforts are underway to include these cities in the bidding process for the said purpose. Due to the versatility of usage of natural gas, CGD scope has now expanded to cover supply of Piped Natural Gas (PNG) to homes, commercial customers, industrial customers, hospitals, temples, colleges, crematoriums, marriage halls, governments' offices, canteens etc. and supply of Compressed Natural Gas (CNG) to vehicles covering three wheelers, taxies, private cars, trucks, tempos, private and public transport buses, etc. The PNG is being used for cooking, water heating, air conditioning, captive power and as a fuel.

1.3 Government has taken various initiatives to ensure supply of CNG/PNG to various cities. In order to achieve this objective, GAIL has established 8 Joint Ventures for laying pipelines and a 100% subsidiary company, namely, GAIL Gas Ltd., for supply of CNG/PNG.

1.4 It has been informed that share of natural gas consumption for CGD in India is nearly 4% of overall natural gas consumption. Visible reduction of pollution in Delhi and Mumbai owing to the usage of CNG has become testimony to take this momentum forward in other polluted cities of the country.

1.5 CGD segment is expected to experience significant growth in coming years due to high priority being accorded by the Central and State Governments to the development of CGD networks in the country and with the rapid increase in natural gas consumption in transport, industrial, commercial and residential sector.

(A) Legal Framework and Validating Act

1.6 In order to promote investment from public as well as private sector for laying city/local natural gas distribution networks and trunk natural gas pipelines throughout the country, Petroleum and Natural Gas Regulatory Board (PNGRB) was constituted by the Government under the Petroleum & Natural Gas Regulatory Board Act, 2006 vide notification dated 01.10.07. The objectives for the establishment of PNGRB as laid down in the Preamble to the Act are:-

> "An Act to provide for the establishment of Petroleum and Natural Gas Regulatory Board to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas excluding production of crude oil and natural gas so as to protect the interests of consumers and entities engaged in specified activities relating to petroleum, petroleum products and natural gas and to ensure uninterrupted and adequate supply of petroleum, petroleum products and natural gas in all parts of the country and to promote competitive markets and for matters connected therewith or incidental thereto."

1.7 The Act provides that authorization for city gas distribution networks and trunk pipeline networks are to be given by Petroleum and Natural Gas Regulatory Board

(PNGRB). Accordingly, PNGRB has envisaged a rollout plan of CGD Network development in more than 300 Geographical Areas (GAs) in the country.

1.8 On being asked about the role played by Petroleum and Natural Gas Regulatory Board for faster development of infrastructure and setting clear objectives and vision for City Gas Distribution network and the achievement so far, PNGRB in a written reply informed the Committee as under:-

> "The Board has been trying to carry out its responsibilities as mandated under the Act in an effective and time bound manner. As the functions of the Board are to be carried out in accordance with the provisions of the Act and the regulations notified by the Board, the Board has so far finalized and notified 38 no. of regulations (including amendments) after going through a structured system of wide consultations with the stakeholders and the general public". (Reply PNGRB, No.(i))

1.9 It has been further informed by PNGRB that in order to make available natural gas to the end consumers, including the common man across the country, the Board has from the beginning adopted a strategy of pro-actively ensuring rapid expansion of infrastructure.

1.10 The Ministry has informed that, a PIL was filed by an NGO (Voice of India) before the Hon'ble Delhi High Court regarding the functioning of PNGRB challenging inter alia the authorization granted by PNGRB without notification of Section 16 of PNGRB Act, 2006.

1.11 The Section 16 of PNGRB Act 2006 reads as under:

> "No entity shall
> (a) lay, build, operate or expand any pipeline as a common carrier or contracts carrier,
> (b) lay, build, operate or expand any city or local natural gas distribution network, without obtaining authorization under this Act:
> Provided that an entity-
> (i) laying, building, operating or expanding any pipeline as common carrier or contract carrier or
> (ii) laying, building operating or expanding any city or local natural gas distribution network,
> Immediately before the appointed day shall be deemed to have such authorization subject to the provisions of this Chapter, but any change in the purpose or usage shall require separate authorization granted by the Board."

1.12 Regarding the present status of PIL, the Ministry informed as under:-

> "Consequent to the notification of section 16 of the PNGRB Act, 2006 by the Central Government on 12.7.2010, the Hon'ble Supreme Court vide order dated 12.5.2011 allowed the Board to grant authorization. ".

1.13 When asked about the reason for not notifying section 16 of PNGRB Act,the PNGRB in a written reply submitted as under:

> ''PNGRB has not been intimated by the Government of the reasons for the non-notification of Section 16 of the said Act till 15.07.10. The Board had from the beginning requested the Government to notify all the sections of the Act. The Board had indicated to the Government that notification of Section 16 would not have any impact with regard to its procedure and criteria for grant of authorization for pipelines and CGD networks.''

1.14 When asked about the delay caused in granting of authorizations and slow pace of the project, the then Chairman, PNGRB deposed before the Committee as under:

> "The court has stopped us from functioning otherwise, we could have covered a lot of areas by now. The pipeline network has been more than doubled from less than 11000 kms. to roughly 25000 kms".

(B) Demand and Availability of Natural Gas

1.15 As per the Working Group XI th Plan Report, the demand for natural gas in the country for the last five years has been recorded as under:

(MMSCMD)

Sector-wise Gas Demand Proj ections (2007-2012)					
	2007-08	**2008-09**	**2009-10**	**2010-11**	**2011-12**
Power	79.70	91.20	102.70	114.20	126.57
Fertilizer	41.02	42.89	55.90	76.26	76.26
City gas	12.08	12.93	13.83	14.80	15.83
Industrial	15.00	16.05	17.17	18.38	19.66
Petrochemicals/ Refineries/Interna l Consumption	25.37	27.15	29.05	31.08	33.25
Sponge iron/Steel	6.00	6.42	6.87	7.35	7.86
Total	179.17	196.64	225.52	262.07	279.43

Regarding allocation and supply of natural gas to different sectors during the period, the Ministry furnished the following:-

Allocation & Supply of Natural Gas

Sector	2008-09		2009-10		2010-11		2011-12	
	Allocation	**Supply**	**Allocation**	**Supply**	**Allocation**	**Supply**	**Allocation**	**Supply**
Fertilisers	36.39	28.38	52.10	38.36	52.10	38.52	55.08	38.79
Shrinkage for Liquid extraction - LPG etc.	4.26	4.55	7.26	5.91	6.85	6.63	6.85	6.39
Power Sector	61.50	40.31	106.18	59.66	106.18	63.44	110.30	61.57
City or Local Natural Gas Distribution Network	8.32	9.36	11.71	9.77	11.71	13.61	11.71	15.57
Internal Consumption - pipeline system	1.55	1.96	1.55	2.04	1.55	2.04	1.55	1.84
Refineries	3.93	2.10	14.93	11.57	14.93	13.30	14.93	10.15
Petrochemicals	10.16	6.59	12.08	6.79	12.08	7.06	12.08	4.10
Sponge Iron	5.76	4.22	9.95	6.63	9.95	8.03	9.95	6.35
Others	6.56	7.84	16.56	7.97	16.56	9.47	16.56	9.53
Total	**138.44**	**105.31**	**232.32**	**148.7**	**231.91**	**162.1**	**239.01**	**154.28**

Note:

1. Above allocation includes Firm & Fall Back allocation of APM, Non-APM, PMT & KG-D6 gas
2. The above allocation includes 12 MMSCMD of KG-D6 gas allocated to power sector on fall back basis & 10 MMSCMD of KG-D6 gas allocated to captive power plants by EGoM but allocation to individual plant are yet to be done.

1.16 The quantity of gas available from different sources during the said period is given as below:

Source	2007-08	2008-09	2009-10	2010-11	2011-12
Pre NELP+ NELP + CBM	20.22	20.87	56.91	71.15	56.42
ONGC	48.55	48.52	49.97	50.03	58.24
OIL	5.01	4.76	5.11	4.98	58.24
R-LNG	31.5	30.25	33.9	37.2	39.62
Total	105.28	104.4	145.89	163.36	154.28

1.17 On the query how the shortfall in availability is proposed to be met, the Ministry informed that Government has adopted a multi-pronged strategy consisting, inter alia, of the following:-

"(i) Intensification of domestic Exploration and Production (E&P) activities through New Exploration Licensing Policy (NELP) rounds

(ii) Coal Bed Methane (CBM) E&P activities – 9 TCF established so far current production is 0.23 MMSCMD

(iii) Sighning of Shale Gas – MOU with USA (Presentation note) 20.12.2011

(iv) Import of LNG

(v) Efforts for import of gas through transnational pipelines"

1.18 Elaborating on the steps taken by the Govt. to increase crude oil and natural gas production in the country, the Ministry informed as under:

"E&P Activites

- **Offering more and more exploration blocks in unexplored area under NELP rounds**

In order to enhance the Exploration & Production (E & P) activities in the country, Government of India (GoI) has been inviting bids through New Exploration Licensing Policy (NELP) to offer exploration acreages in on land, shallow water and deep-water area of the country. During the last three years (2008-09) and (2010-11), the GoI has awarded 73 exploration blocks under NELP-VII and NELP-VIII rounds to various Pvt./Foreign and NOCs. Further, under the last round of NELP bidding, i.e, NELP IX round, total 34 blocks were offered. Bids have been received for 33 blocks and award of blocks is awaited. As a result of exploration activities, total of 41 hydrocarbon discoveries (27 oil and 14 gas) have been made under the Production Sharing Contract (PSC) regime in different blocks during the last three years i.e from (2008-09 to 2010-11). Besides, an In-Place Gas reserves accretion of about 228 BCM was made during this period. The commercial gas production from D1 & D3 fields in deepwater block KG-DWN-98/3 (KG-D6) commenced w.e.f 1st April, 2009. The current gas production from this block is about 43 MMSCMD. As a result of commencement of gas production from this block, the gas production under the PSC regime increased from 8.09 BCM in 2008-09 to 26.77 BCM in 2010-11.

Developing alternate sources of energy such as Shale Gas and CBM
To develop alternate sources of Gas, four rounds of CBM bidding have been held and 30 CBM blocks awarded, in addition to 3 blocks awarded earlier on

> Nomination Basis. Commercial production of CBM has commenced in July, 2007 in one block in West Bengal. Field development activities are on in three other blocks. An In-Place CBM reserve of about 9 TCF have been established so far in 5 blocks. Current CBM production in the country is about 0.23 MMSCMD, which is estimated to increase once the ongoing development activities are completed DGH in consultation with MoC / CMPDI, is in the process of delineating the areas for offer under Round-V.

1.19 As regards the progress made in developing of Shale Gas reserves, the Ministry has informed that the activities related to resource assessment in several prospective basins and formulation of suitable policy for shale gas have commenced. An MoU has been signed between MoP&NG and DOS, USA for co-operation in various areas related to shale gas.

1.20 When asked about the exploratory efforts of GAIL and independent E&P blocks acquired by the Co, the Ministry apprised as under:-

> "GAIL has only acquired blocks in India as a consortium/JV with partners. GAIL has not acquired any independent E&P block in the country, till date. There is no proven discovery from these blocks and the likely production of natural gas from these blocks cannot be predicted as of now". (Reply No. 6)

Transnational Gas Pipelines

1.21 To further augment the supply of natural gas, India has also collaborated in two Transnational Gas Pipelines projects to bring in more gas from neighboring countries. These two cross border projects are:-

(i) The Turkmenistan – Afghanistan – Pakistan – India (TAPI) Pipeline project &

(ii) Iran-Pakistan-India (IPI) pipeline

1.22 Asked about the present status of these transnational pipeline projects and quantum of gas projected to be brought in country in coming five years, the Ministry in a written reply submitted as under:-

> The **Turkmenistan – Afghanistan – Pakistan – India (TAPI)** Pipeline project is being planned to get Natural Gas from Yolotan gas field in Turkmenistan to Afghanistan, Pakistan and India. The TAPI pipeline will pass though Pakistan and Afghanistan. The proposed pipeline is approx. 1680 km. long up to the Indian border and would enter India at Fazilka (Punjab). The length of the

pipeline in Turkmenistan, Afghanistan and Pakistan is approximately 145 kms, 735 kms. and 800 kms. respectively. The pipeline is designed to transport 90 MMSCMD of gas through 56" pipeline and the capital cost up to the Indian border is approximately $ 7.6 Billion. GAIL has been nominated as the designated agency to take ownership of the gas at the Indian border.

Till date, 14 Steering Committee and 15 Task Working Group (TWG) meetings have been held. Gas Sale Purchase Agreement has been negotiated. At present, all issues of GSPA have been resolved by the parties. Gas pricing issue is being negotiated bilaterally. Discussions are also being held with Pakistan and Afghanistan to finalize the transit fee for the gas transported through TAPI pipeline".

1.23 As regards the **Iran-Pakistan-India (IPI)** cross border project the submitted status is as under:

"Iran-Pakistan-India (IPI) pipeline is being planned for transportation of natural gas from South Pars gas fields of Iran to Pakistan and India. The total length of Iran Pakistan India pipeline up to Indian border would be approximately 2135 KMs consisting of 1100 KMs with in Iran and approx. 1035 KMs within the territory of Pakistan. The pipeline will follow the southern route in Pakistan territory and would enter India in Rajasthan near Barmer. The pipeline will have capacity to transport 60 MMSCMD of Natural Gas which would be equally (30 MMSCMD each) supplied to India and Pakistan.

A bilateral Pakistan-India meeting was held in Islamabad on 16-17April'2008 which was followed by a Minister level meeting on 25th April, 2008 at Islamabad and the issues related to GSPA, issues relating to delivery point, Structure of the Project in Pakistan, Transportation tariff and Transit Fee were discussed. During these meetings, Pakistan side informed India that they have finalized and initialed the GSPA and Inter Govt. Framework Declaration with Iran during the six round of bilateral negotiations held between Iran and Pakistan. During the visit to Delhi of Iranian delegation led by H.E. Eng. Seifollah Jashnsaz, Deputy Minister for Oil and President of NIOC on 30th November 2009, it was agreed to hold next JWG meeting at the earliest for discussion on IPI project. GAIL has forwarded the suggestive agenda to Ministry".

Sourcing LNG

1.24 Besides these measures taken by the Government, natural gas is also being sourced to cater to domestic demand and fill in demand supply gap. This is done by importing LNG and converting it to RLNG for consumption and use. However Government doesn't directly import any LNG, but the same is imported by various companies involved in the business of importing LNG. A total of 30.25 MMSCMD, 33.9 MMSCMD & 37.2 MMSCMD of LNG was imported in the country during 2008-09, 2009-

10 & 2010-11 respectively and stood at 46 MMSCMD in June, 2011. The imported LNG is being used by various sectors including CGD. (Reply to Q.6 PERI)

1.25 When asked about the present availability of LNG in the country and region wise consumption percentage, the Ministry furnished the following information in a written reply:-

> "Presently, around 46 million standard cubic meter per day (MMSCMD) Regasified LNG (RLNG) available out of LNG import is being supplied to the customers in various parts of the country. State-wise percentage of consumption of RLNG is as under:-

SI No.	Name of State	Percentage of total consumption in the country
1.	Gujarat	47
2.	Delhi (NCR) & Haryana	13
3.	Rajasthan	6
4.	Uttar Pradesh	16
5.	Madhya Pradesh	3
6.	Maharashtra	14
7.	Andhra Pradesh*	1
	Total	100

*Through swapping arrangements.

1.26 Regarding the setting up of LNG import terminals/facilities in the country, the Ministry submitted the following in a written reply:-

> "As on date, LNG re-gasification capacity in the country is 13.60 MMTPA (10 MMTPA at PLL's terminal at Dahej and 3.60 MMTPA at Shell's terminal at Hazira) which translates to 50.1 MMSCMD. The Ministry further informed that with the current capacity of 50 MMSCMD, the LNG import terminal capacity is projected to take following turn by 2017:

LNG terminal	2012-13	2013-14	2014-15	2015-16	2016-17	13th Plan
Dahej	10	12.5	12.5	15	15	15
HLPL Hazira	3.6	5.0	5.0	7.50	10	10
Dabhol	1.2	5	5	5	5	5
Kochi	5.0	5	5	5	5	10
Ennore	0	0	0	5	5	5
Mundra	0	0	0	5	5	10
East Coast	-	-	-	-	5	15
Total Capacity (MMTPA)	19.80	27.50	27.50	42.50	50	70
Total Capacity (MMSCMD)	73	101	101	156	184"	258

> The availability of LNG will depend upon the sourcing.

Gas allocation policy for CGD network

1.27 On being asked about the share of the total natural gas produced in our country being used for CGD and the projections for natural gas consumption once the pipeline network is completed, the Ministry informed the Committee that domestic supplies of around 5.34 MMSCMD of natural gas produced in the country is being supplied to various CGD entities (for CNG/PNG) i.e. about 4% of the around 120 MMSCMD produced in the country (2010-11). Apart from this, RLNG is also being used for CGD network. However ,when asked about the projected consumption of CGD after completing the pipeline network, the Ministry stated that region-wise and state-wise consumption of natural gas in CGD business after the completion of pipeline network is difficult to envisage at the moment as the same is subject to authorization of various geographical areas by the PNGRB and the implementation of the same by the authorized entities in a time bound manner.

1.28 In a presentation, the Ministry informed about the following priority in gas allocation has been decided by EGoM :

1. Existing gas-based fertilizers plants producing subsidized fertilizers
2. Existing gas-based LPG plants
3. Existing gas-based Power plants
4. City Gas Distribution entities for supply to domestic & transport sectors
5. Existing gas-based steel & petrochemicals plants (only for feedstock & not for captive power requirement) and existing refineries.
6. CGD entities for supply to commercial & industrial sector customers up to 50,000 scmd.
7. Captive power plants.

1.29 The sector-wise supply to different priority sectors during the year 2010-11 is as under:

Figures in MMSCMD

Sector	Domestic Gas	RLNG	Total Gas Consumed	% Total consumption
Core Sector				
Power	56.89	6.7	63.59	39%
Fertilizer	30.97	7.56	38.52	24%
Gas Based LPG plants for LPG extraction	6.83	0	6.83	4%
CGD (Domestic +CNG)	4.97	0.55	5.52	3%
Court mandated customer other than CGD	0.97	0	0.97	1%
Sub-Total	**100.63**	**14.81**	**115.43**	**71%**
Non- Core Sector				
CGD (Commercial Industrial)	2.49	5.3	7.78	5%
Small consumers having allocation less than 50,000 SCMD	2.13	2.23	4.36	3%
Refineries	7.5	5.8	13.3	8%
Petrochemicals	5.34	1.52	6.86	4%
Sponge Iron	5.43	2.6	8.03	5%
Others	1.51	2.77	4.29	3%
Internal consumption-P/L	2.04	0	2.04	1%
Sub Total	**26.44**	**20.22**	**46.66**	**29%**
Grand Total	**127.07**	**35.03**	**162.09**	

1.30 On being enquired, as to how the uninterrupted supply of natural gas for CGD sector would be ensured by the Government, the Ministry informed the as under:-

> "Increased gas supplies from new gas finds and LNG imports coupled with the development of pipeline infrastructure and Government policies are strengthening supply to the city gas segment.
>
> The Government has also formulated the gas utilization policy in 2008 for

effective utilization of gas among various demand segments. The policy prioritizes city gas segment (domestic & transport) at number 4 priority after fertilizer, LPG and power. Adequate quantity of LNG is available for use by the CGD sector".

1.31 As per reply submitted by the Ministry, the fertilizer sector, LPG and power sector requires gas as inputs and their outputs are priced taking into account the price of cheaper domestic gas. The final price of fertilizers and LPG greatly determine the subsidy burden of Government of India. CGD (domestic & transport) is next in priority. The imported RLNG is also available to CGD networks for their consumption besides domestic CNG.

1.32 With regard to allocation of Gas to CGD entities, the Ministry stated as under:

"Earlier the Government had allocated domestically produced APM gas to various City Gas Distribution Companies like IGL, MGL, CUGL, GAIL, BGL, MNGL, Green Gas Ltd. etc. After dismantling of APM, the Government has allocated additional gas from KG-D6 field to the various CGD companies.The CGD entities are procuring gas from upstream suppliers to cater to the increasing customer based demand. Most of the entities are also sourcing imported LNG to meet the additional demand.

Gas is allocated to CGD entities under the Gas Utilization Policy approved by the Empowered Group of Minister (EGoM). The fertilizer sector catering to farmers is at first priority. LPG which is in short supply in the country is second priority and power sector which caters to the needs of the entire country is again in short supply is at third priority. CGD (domestic & transport) is at fourth priority. The EGoM has taken a decision that there would be no reservation of gas and gas would be made available only to such entities which are ready to absorb the gas when allotment is made. CGD entities were allotted gas to the extent of their requirement in 2009 and 2010. However, subsequently the gas production has declined and domestic gas is not available for allotment to CGD entities".

(C) Allocation of Gas to CGD Sector

1.33 As per demand assessment done by PNGRB, the year-wise demand of gas on CGD Sector is as below:

Year	CNG and domestic PNG	Industrial and Commercial	Total MMSCMD
2011	8.735	8.735	17.47
2012	11.958	11.962	23.92
2013	18.021	18.019	36.04
2014	24.905	24.905	49.81
2015	29.841	29.839	59.68

Growth in CGD for consumption

Year	Domestic gas	R-LNG	Total	% Domestic gas	% R-LNG	Growth YOY
2008-09	6.39	2.97	9.36	68.3%	31.7%	
2009-10	6.83	2.94	9.77	69.9%	30.1%	4.4%
2010-11	7.39	6.227	13.61	54.3%	45.7%	39.4%

1.34 As per information furnished by Ministry, the source wise consumption of natural gas by various CGD entities in 2010-11 & % Share of APM & R-LNG in total consumption is as below:

(MMSCMD)

	Domestic				**Imported**			
CGD Entity	**APM**	**PMT**	**KG-D6**	**Other**	**R-LNG**	**Total**	APM As % of Total consumption	R-LNG As % of Total Consumption
Central UP Gas Limited, Kanpur	0.100	0.000	0.000	0.000	0.020	0.120	83	17
Central UP Gas Limited, Bareilly	0.050	0.000	0.000	0.000	0.000	0.050	100	0
GAIL Gas Limited, Kota	0.000	0.000	0.000	0.000	0.000	0.000		
GAIL Gas Limited, Meerut	0.000	0.000	0.000	0.000	0.000	0.000		
GAIL Gas Limited, Dewas	0.000	0.000	0.000	0.000	0.026	0.026		100
GAIL Gas Limited, Sonepat	0.000	0.000	0.000	0.000	0.008	0.008		100
Green Gas Limited (Lucknow)	0.080	0.000	0.000	0.000	0.000	0.080	100	
Green Gas Limited (Agra)	0.041	0.000	0.000	0.000	0.001	0.042	98	2.
GSPC Gas	0.000	0.000	0.000	0.000	3.780	3.780		100
IGL	2.122	0.000	0.145	0.000	0.470	2.736	78	17
MNGL	0.039	0.000	0.000	0.000	0.006	0.046	86	14
TNGCL	0.028	0.000	0.000	0.017	0.000	0.045	62	
GGCL	0.159	1.690	0.000	0.441	1.070	3.360	5	32
BGL	0.046	0.000	0.000	0.000	0.000	0.046	100.	
Sabarmati Gas	0.000	0.000	0.070	0.000	0.643	0.713		90
Charotar Gas	0.000	0.000	0.000	0.000	0.095	0.095		100.
Siti Energy	0.000	0.000	0.000	0.000	0.001	0.001		100
Vadodara Muncipal Corporation.	0.095	0.000	0.000	0.000	0.001	0.096	99	1
MGL	1.400	0.000	0.300	0.000	0.100	1.800	78	6
AGCL	0.493	0.000	0.000	0.025	0.000	0.518	95	
HPCL	0.000	0.000	0.050	0.000	0.005	0.055		9
Total	**4.654**	**1.690**	**0.565**	**0.483**	**6.227**	**13.619**	**34.2%**	**45.7%**

1.35 When asked the criteria being followed in allocating gas to various City Gas Distribution Entities, the Ministry stated as under

> "As and when City Gas Distribution Entities having Central Government or PNGRB authorization or court directives have approached MoPNG for allocation of natural gas the same has been allocated based on the availability of natural gas".

1.36 Ministry further informed that the few entities like GSPC Gas, Charatar Gas and Siti Energy have entirely being fed through R-LNG as have yet to receive Central Government/ PNGRB authorization. However, 0.005 mmscmd of KG-D6 gas has been allocated to GAIL Gas Limited (GGL) Sonipat as well as GGL Dewas each and awaiting GSPAs to be signed with the contractors of KG-D6.

(D) Cost of production of APM Gas

1.37 The following data presents the cost of production of APM gas from fields of ONGC (excluding its Joint Ventures):-

(in Rs./mscm)

Financial year	2009-10
Operating Cost	1994
Recouped Cost:-	
Depreciation	324
Depletion	664
Survey & Dry wells	2135
Sub-Total	3123
Statutory Levies:-	
Royalty	249
Sales tax	0
Octroi & BPT	7
Sub-Total	256
Total Cost	5373

1.38 Cost of production of APM gas produced from fields of OIL in Assam & Arunachal Pradesh is as follows:

(in Rs./mscm)

Financial year	**2009-10**
Operating Cost (i)	**1673.15**
Recouped Cost:-	
Depreciation & Depletion	279.71
Survey & Dry wells	578.49
Administrative exp	282.49
Sub-Total (ii)	**1140.69**
Financing Cost (iii)	**0.82**
Statutory Levies:-	
Royalty	153.78
Sales tax	
Octroi & BPT	
Sub-Total (iv)	**153.78**
Total Cost (i+ii+iii+iv)	**2968.44**

1.39 The cost of imported LNG is as stated below:

Particulars	Long Term Contracts ($/MMBTU)	Spot ($/MMBTU)
RLNG including regasification charges and excluding applicable taxes	7.49	14-14.5

(E) Pricing of CNG/PNG

1.40 The retail price of CNG and PNG in any city is fixed by the concerned City Gas Distribution Company operating in that particular city. The domestic gas is made available to the CGD entities at the rates fixed by the Government depending upon the source of domestic gas. The CGD entities also use RLNG for supply to their customers and import the gas through spot contracts. The price of the gas ultimately depends on, inter-alia, the weighted cost of gas/operational cost in addition to the statutory taxes/levies.

1.41 When asked about the reasons for variation in prices of CNG/PNG across the country the Ministry stated as under:

> "Different retail prices are charged from customers in different States as the sourcing of gas, transport cost and VAT rates are different in different States. Further, the CGD companies being private entities are free to price gas sold by them depending on their investment, margins, finance cost, operating cost etc."

Role of PNGRB in Monitoring Prices of CNG/PNG

1.42 PNGRB Act provides the Board to monitor prices of gas and take corrective action to prevent restrictive trade practices by the entities, the relevant section of the PNGRB Act 2006 reads as under:

> Section 11 (f) -The board shall in respect of notified petroleum, petroleum products and natural gas –
>
> (iii) monitor prices and take corrective measures to prevent restrictive trade prices by the entities;
>
> (vi) monitor transportation rate and take corrective action to prevent restrictive trade practice by the entities.

1.43 On being enquired about the authority of PNGRB to regulate and monitor prices of CNG/PNG which are presently being fixed by CGD entities, the Ministry informed that though the board has been empowered to regulate and monitor prices the role of PNGRB under section 11(f)(iii) of the PNGRB Act, 2006 is limited to the notified petroleum, petroleum products and natural gas. The term “notified petroleum, petroleum products and natural gas” has been defined under section 2 (zc) of the

PNGRB Act, 2006 and so far petroleum, petroleum products or natural gas, have not been notified and hence section 11(f) (iii) is not currently applicable.

1.44 In a written reply, the Ministry of Petroleum and Natural Gas informed that PNG to Domestic Consumers is being sold by IGL in Delhi @ Rs 22-34 per SCM (inclusive of VAT @ 5%) and in UP @ Rs. 19.48-23.5 per SCM (inclusive of VAT @26% on input). However, the disparity is mainly on account of different tax structure prevailing in the States.

1.45 When asked about the existing variation in selling price of domestic PNG in the capital the Ministry stated as under:

'The details on PNG price in Delhi as charged by IGL is mentioned below:

S.No.	Sources	Landed cost (Rs. Per SCM
1	APM	Rs. 8.70
2	RLNG	Rs. 22.77 to Rs. 36.75

IGL is selling PNG to households in Delhi at a rate of Rs. 22 per scm upto a consumption of 30 scm in two months. The slab of 30 scm in two months is based on the fact that average PNG consumption (for cooking purpose) in general per household is 0.5 scm per day. For Delhi, IGL has a firm APM allocation of 0.1 mmscmd for domestic PNG supply. Since APM allocation is insufficient to meet the current demand of PNG, IGL procures RLNG from different sources to meet the demand. Due to the pooling of APM and RLNG gas to meet the total demand of PNG in Delhi, the weighted average cost of gas goes up considerably and accordingly, the present price of PNG of Rs. 22 per scm has been fixed so as to be able to meet demand of 0.5 scm per day for cooking purpose of an average household. As regards, any demand beyond 0.5 scm per day of any household, since it has to be entirely met from RLNG, the price has been fixed as Rs. 34 per scm''

1.46 The area wise selling price of CNG & domestic PNG in a State is as given below:

STATE	CITY	COMPANY	CNG Price (Rs./Kg.)	Domestic PNG Price (Rs./SCM)
Delhi	Delhi	IGL	32	22 - 34
Uttar Pradesh	Noida	IGL	35.9	23.5
	Greater Noida	IGL	35.9	23.5
	Ghaziabad	IGL	35.9	23.5
	Kanpur	CUGL	38	20.92
	Bareilly	CUGL	38	20.92
	Lucknow	GGL	39	19.48
	Agra	GGL	39	20
	Meerut	GAIL Gas	42	22.4
Maharashtra	Mumbai	MGL	31.47	20.24
	Thane	MGL	32.41	20.39
	Mira Bhayandar	MGL	31.7	20.49
	Navi Mumbai	MGL	31.78	20.44
	Pune	MNGL	37.5 & 37.9	20.51
	Panvel	GAIL Gas	41.5	-
Gujarat	Vadodara	GAIL/ GAIL gas	40	-
		GSPC Gas	30.59	14.7
	Surat, Bharuch & Ankhaleswar	GGCL	30.21	17.495
	Gandhinagar, Mehsana, Sabarkantha	Sabarmati Gas	40.25	
Andhra	Vijayawada	BGL	30	-

Pradesh	Hyderabad		40	-
	Rajahmundery		35	-
	Kakinada		35	-
Tripura	Agartala	TNGCL	38	450/month
Madhya Pradesh	Indore	AGL	42	22
	Ujjain		43	-
	Dewas	GAIL GAS	42	-
	Vijaipur		40	-
Haryana	Sonepat		39	22.4
Rajasthan	Kota		41	21.3

(II) Taxes on CNG/PNG

1.47 When asked about the rates of taxes being levied on CGD sector at centre and State level, the Ministry apprised as under:

"Central Taxes on CNG:

a. Service Tax @ 10.3% which is applicable on the trunk pipeline transmission tariff as well as the City Gas Distribution network tariff.

b. Excise duty (14%) and Higher secondary cess (3%) @ 14.42% applicable on the final price.

State Taxes

1. Madhya Pradesh: Entry Tax @ 1% on Ex Terminal rate of NG/RLNG at source and VAT @ 13% is applicable on manufactured CNG in MP

2. Uttar Pradesh: VAT @ 13.5% on manufactured CNG is levied.

3. Haryana: VAT @ 5.25% on manufactured CNG is levied

4. Rajasthan: VAT @ 14% on manufactured CNG is levied

5. Delhi: No VAT

6. Maharashtra: VAT @ 12.5% on manufactured CNG is levied

7. Gujarat: VAT @ 15% on manufactured CNG is levied

Central Taxes on PNG

Service Tax @ 10.3%

State Taxes

1. Uttar Pradesh: VAT applicable on natural gas is 26%.
2. Madhya Pradesh: VAT @ 13% plus 1% Entry Tax is applicable on PNG.
3. Haryana: VAT @ 12.5% is applicable on PNG.
4. Rajasthan: VAT @ 5% is applicable on PNG
5. Delhi: VAT @ 5% is applicable on PNG.
6. Maharashtra: VAT @ 12.5% is applicable on PNG.
7. Gujarat: VAT @ 15% is applicable on PNG.

Beside the above taxes some local authorities also impose taxes such as Octroi etc. on CNG & PNG".

1.48 Regarding the comparative cost breakup of CNG and PNG, the Ministry in a written reply stated as under:

''The percentage share of taxes being included in CNG / PNG price at Delhi are given below with percentage share of taxes in the market price :

(As on…..)

	CNG price Rs/Kg	Share in consumer price	PNG price Rs/SCM	Share in consumer price
Gas Cost to CGD entity	16.02	50%	11.27	51%
Operating expenses (including Depreciation & interest cost) , Income tax and Margin	11.95	37%	9.68	44%
Excise duty	4.03	13%	0.00	0%
Vat	0.00	0%	1.05	5%
Consumer Price of CNG-Rs per Kg	32.00	100%	22.00	100%

1.49 The Ministry further informed as under:-

> "Service Tax, Excise Duty and Education cess are uniformly applicable across the country. However, there is a variation in VAT rates levied by States. MoPNG has been pursuing to secure 'Declared Goods' status for natural gas to remove this discrepancy. The benefit of lower taxes is availed by private car owners also in the cities and not just public transport vehicles".

1.50 On a query on the effect of the cost of PNG if natural gas is granted "Declared goods" status, the Ministry in a written reply furnished as under:-

> With the inclusion of natural gas as "declared goods" there will be a uniform application of central sales tax on the sale of natural gas in every part of the country. This would definitely bring down the price of PNG/CNG and also remove the disparity in taxes levied on CNG/PNG by various State governments.

1.51 As regards the plans and efforts made by the Government in this direction, the Committee were informed that the matter was taken up by MoP&NG with Ministry of Finance for getting declared goods status to Natural Gas under the Central Sales Tax Act, 1956. However, the same could not be included in the last Budget. The matter is still being pursued.

1.52 Post introduction of VAT in India, natural gas have been classified at the revenue neutral rate of 12.5 per cent under most State VAT laws. Some States have also kept natural gas out of the VAT regime and are levying VAT at a high rate of 26 per cent. However, the high and multiple point sales tax structure on natural gas, without input credits is adversely affecting the consumers, the trade in natural gas and the Indian economy as a whole.

(F) CGD Infrastructure

1.53 The existing pipeline infrastructure is of 11,404 km. with a carrying capacity of 288 mmscmd covering 201 cities has been envisioned under 'Vision 2015' document of Government. In order to connect the various parts of the country, pipelines are being laid. The status of existing/under execution/additional pipelines is as under:-

Existing Pipeline Infrastructure

Sl no.	Name of the Pipeline	Owner	Length (Kms)	Capacity (MMSCMD)	Capacity utilization in 2010-11 (MMSCMD)
1	Hazira - Vijaipur – Jagdishpur (HVJ) plus GREP (Gas Rehab and Exp) + Dahej Vijaipur (DVPL)	GAIL	4222	57	57
2	Gujarat Gas Grid Network	GSPL	2400	50	38
3	EWPL	RGTIL	1385	86	45
4	Assam Network	AGCL	1000	7	3
5	KG- Basin Pipeline Network	GAIL	835	16	5
6	Dahej - Uran - Panvel- Dhabol (DUPL)	GAIL	744	19	18
7	Cauvery Basin Pipeline Network	GAIL	266	4	4
8	Gujarat Regional P/L Network	GAIL	153	4	3
9	Dadri Panipat	IOCL	132	20	6
10	Mumbai Regional P/L Network	GAIL	125	12	9
11	Hazira - Ankhaleswar	GGCL	73	8	4
12	Agartala P/L Network	GAIL	61	2	2
13	Assam Regional P/L Network	GAIL	8	3	1
Total			**11,404**	**288**	**193**

UPCOMING PIPELINES

Sl. No.	Name of the Pipeline	Agency	Length (in km.)	Design capacity (in mmscmd)
AUTHORIZED BY GOVERNMENT OF INDIA				
1	Kakinada- Basudebpur- Howrah Gas Pipeline	RGTIL	1100	27
2	Kakinada-Nellore-Chennai Pipeline	RGTIL	557	26.67
3	Chennai-Tuticorin Pipeline	RGTIL	670	13.3
4	Chennai-Bangalore-Mangalore Pipeline	RGTIL	660	13.3
5	Dadri-Bawana-Nangal Pipeline	GAIL	886	31
6	Chainsa-Gurgaon-Jhajjar-Hissar Pipeline	GAIL	465	35
7	Jagdishpur-Haldia Pipeline	GAIL	876	32
8	Dabhol-Bangalore Pipeline	GAIL	730	16
9	Kochi-Kanjirkkod-Bangalore/Mangalore Pipeline	GAIL	822	16
AUTHORIZED BY PNGRB				
10	Mallavaram-Bhopal-Bhilwara-Vijaipur	GSPL	2000	52.86
11	Mehsana - Bhatinda	GSPL	1600	42.94
12	Bhatinda- Jammu- Srinaga	GSPL	725	31.48
TO BE AUTHORIZED BY PNGRB – UNDER BIDDING				
13	Surat Paradip	BIDDING	2000	30
14	Durgapur- Kolkata	BIDDING	160	4
UP-GRADATION				
15	GREP / DVPL up gradation	GAIL	1280	54
Total			**14,531**	**425.55**

1.54 In response to a specific query about the incentives being granted to CGD sector, whether there is any provision for tax holiday under Section 80-IA of Income Tax Act, the Committee was informed that no such tax holiday is provided.

(i) Projects executed by GAIL

1.55 The Ministry informed that authorization for CGD network development, was done through a transparent competitive bidding and the return on investment would have to be seen by the entity bidding for the Geographical Areas.

1.56 The authorized entities are given a time of 36 months from the date of authorization in case of Natural Gas pipelines and 60 months from the date of authorization for City gas Distribution Network to achieve the target.

1.57 GAIL is implementing city gas project through its 8 joint ventures and also through its wholly owned subsidiary viz. GAIL Gas Limited.

1.58 While furnishing details regarding the various pipeline projects of GAIL, the Ministry stated that of the all projects under execution by GAIL, time over run of two months was expected in case of Phase I of Karanpur- Moradabad- Kashipur- Rudrapur Pipeline, i.e., against the approved completion schedule of June, 2011, the anticipated completion date was August, 2011 and no cost over run was anticipated in any of the other projects.

1.59 However, in respect of GAIL Gas Limited, implementing CGD projects in Meerut, Sonepat, Kota and Dewas, 53% of the scheduled work has been completed and 1 CNG station has been commissioned in Dewas & Sonepat each.

1.60 The Ministry further stated that there is no time / cost over run in the four CGD projects of GAIL Gas Limited and moreover, at the end of first year of authorization, GAIL Gas Limited exceeded the committed PNGRB targets by implementing the project activities on fast track mode.

1.61 When inquired about the reported delay in laying in Jagdishpur-Haldia pipeline, the Ministry furnished following reply:

"GAIL was authorized for laying Jagdishpur-Haldia pipeline by MOP&NG on 06.07.2007 with a completion schedule of 36 months from the date of publication of 3(1) notification in the Gazette.

The investment proposal for Jagdishpur-Haldia pipeline was approved by GAIL's Board on 24.07.2009. KG Basin gas through Kakinada – Haldia pipeline of M/s RIL and gas from ONGC Mahanadi gas fields were considered potential gas supply sources for this pipeline which do not currently seem to provide spare gas for this pipeline.

Considering the development of CBM blocks at Sahadol by M/s. RIL and at Durgapur by M/s ESSAR, GAIL is planning to construct the above pipeline in a phase wise manner in synchronization with the development of CBM block at both the places and gas source tie-up with M/s. RIL & M/s. ESSAR and readiness of customers".

(ii) <u>RGTIL's Projects</u>

1.62 As per information received from the Ministry, Relogistics infrastructure Ltd. (Relog), a subsidiary of RGTIL, has been authorized by MoPNG to build four gas pipelines namely Kakinada-Haldia, Kakinada-Chennai, Chennai-Tuticorin and Chennai-Manglore pipelines.

1.63 Enquired about the present status of implementation of pipelines authorized to RGTIL, the Ministry apprised as under:-

(a)"Survey and RoU (Right of Use)

- 100% field survey work completed for all the pipelines
- 100% Sec 3 (1) submitted to MoPNG
- Sec 6(1) submitted to MoPNG: 54% notified in Gazzate by MoPNG for 40% of pipeline length

(b) Environment Clearance:

- Kakinada-Haldia: CZMA approval obtained from AP and WB. Application submitted to MoEP for EC under CRZ Regulation. In-principle approval obtained.
- Kakinada-Chennai and Chennai-Tuticorin pipeline: obtained
- Chennai-Manglore: not applicable due to no Eco sensitive zone

(c) Forest Clearance: For all the pipelines, joint survey completed with forest officials. Land for compensatory afforestation identified and process is reported to be in progress.

(d) Permanent Land Acquisition:

- 65 acres of land purchased at Tiruttani near Chennai for compressor station and other co-located facilities for Kakinada-Chennai, Chennai-Tuticorin and Chennai-Manglore pipelines.
- Another 25 acres of land near Elamanchali in AP under negotiations for Co-located facilities for Kakinada-Haldia pipeline
- Land for other facilities will be taken up for purchase after finalization of locations as per DFR recommendations

(e) EPC:

- Basic engineering completed

Preparation of Detailed Feasibility Report (DFR)

- In absence of available information on upstream gas source and downstream customers, Relog has assumed data of gas flow, ramp-up and upstream/downstream battery limit conditions and work of DFGR awarded to M/s Saipem Triune Engineering- New Delhi. Work is in progress.

Line pipe procurement:

- Offers received from 5 venders against tender for supply of line pipes with multiple diameter and grade options.
- Technical evaluation completed. Award finalization after completion of pipeline size optimization/ DFR as stated above".

RGTIL has authorization for East-West pipeline (EWPL). EWPL is already commissioned and under operation".

1.64 When asked the reasons for delay in commissioning of pipelines authorized to RGTIL, the Ministry informed that although these projects are currently under implementation, there is as of now insufficient gas to feed these projects. In this regard the PNGRB in a written reply submitted the following:-

"As already indicated, Government had pre-empted the Board by granting approvals for 4 major pipelines in favour of RGTIL, apart from 5 approvals granting in favour of GAIL, just before the Board was constituted. In the letters of approval, the implementation schedule was indicated as 36 months from the date of first notification granting RoU under the Petroleum Mineral Pipelines (Acquisition of Right of User in Land) Act, 1962. This virtually made the implementation of these pipelines open ended. As part of its responsibilities, the Board has been monitoring the implementation of these pipelines and has already drawn the attention of the Government to the fact that RGTIL had not started any work on two of these pipelines nearly 5 years after the grant of approval. The Board has made it clear to the entities concerned that it would not allow the national pipeline grid to be adversely affected by the failure to implement these pipelines."

(G) PNG supply

1.65 The Ministry informed that there are three categories of PNG consumers.

(i) Domestic PNG customer – 18.2 lakh
(ii) Commercial customer - 15578
(iii) Industrial customer - 3952

1.66 With regard to expanding the network of PNG connection, the Secretary of the Ministry during the course of evidence stated that :

"Piped gas is an additional facility that is being provided. In most of the places, these are provided by private companies. In some of the companies, Government companies are also partners. So, the decision on where these gas will come, first of all, depend upon natural gas, availability there and the interest of the private companies mostly to develop that as a business. There is not very much difference between providing piped gas to the customers or providing other services which the private sector will be providing. So, Government cannot dictate to somebody that he should go to these places, start providing piped gas to the people of that place. This will really be a business venture. That is why, PNGRB has been created It will be calling for bids in towns and cities of India. Seeing the response, companies will be authorized to provide city gas which will include CNG and Piped gas. That is the system which is in place"

1.67 When enquired about the number of connections released till date and LPG connections surrendered by the customers, the Ministry informed that City Gas Distribution Companies have released 1827802 PNG connections as on 1.4.2012 in ten States of the country and correspondingly, 889269 LPG connections have been blocked by the LPG distributors of OMCs as on 1.4.2012. In this regard the Ministry

further elaborated;

"The Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 2000, as amended vide Notification dated 10.09.2009, inter-alia provides for:-

(i) One domestic LPG connection for one household (instead of per person earlier). This may be enforced strictly to rule out multiple connections in any household.

(ii) For making it mandatory for PNG providing agencies to obtain undertaking to surrender the LPG connection within 60 days from the date of obtaining PNG connection and to discontinue the supply of PNG to an existing consumers of LPG who has not surrendered the LPG connection after the time limit of 60 days.

(iii) Oil Marketing Companies (OMCs) are prohibited to provide LPG connection to a person who is in possession of a PNG connection.

Accordingly, Government has advised OMCs namely Indian Oil Corporation Limited (IOC), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) & GAIL (India) Limited to implement the amended Control Order strictly.

OMCs have reported that they have initiated the exercise of identifying multiple LPG connections, i.e., more than one domestic LPG connection registered in the name of one customer. The availability of any existing LPG/PNG connection is checked while installing the new LPG connection at the house of the prospective customer."

1.68 The State-wise details in this connection is as under:-

Name of State	PNG connections released By CGD companies	LPG connections blocked by LPG distributors OMCs
Assam	21560	0
Delhi	278232	160247
Gujarat	945258	308132
Haryana	2718	842
Maharashtra	514320	399789
Madhya Pradesh	30	2
Rajasthan	21	0
Tripura	9000	95
Uttar Pradesh	56663	20162

Andhra Pradesh	10	0
	1827802	889269”

1.69 On being enquired further about the reasons for tardy progress made in blocking LPG connection against the PNG connection released, the Ministry furnished the following reply:

> “Constant efforts are being made for blocking of the LPG connections of PNG consumers by way regular monitoring and issue of instructions to the Public Sector Oil Marketing Companies (OMC) and City Gas Distribution (CGD) companies. As a result, as on 1.4.2012, OMCs have blocked 889269 LPG connections of PNG consumers, which was 6,80,914 as on 1.11.2011”.

1.70 As regards backlog between PNG connections provided and LPG connections surrendered, the Secretary of the Ministry during the course of evidence stated as under:

> “This backlog has been created over a period of time. The difficulty of covering the backlog is that the PNG connection is given by one company and the cylinder was given by another company. So, these two things are not meeting. It will take some efforts and that effort is being made. This is why, we have given instructions to all the marketing companies” (proceedings dated 10.8.2011.

1.71 When enquired about the remedial measures taken by Company/Government to ensure surrender of LPG connections by PNG customers, the Ministry in a written reply stated as under

> "The Ministry of Petroleum & Natural Gas has advised OMCs to appoint a Nodal Officer at Headquarter level to have updated information on the number of surrendered LPG connections from those who have PNG connections. They will submit this report to the Ministry by 10th of very month.
>
> The Ministry has been conducting regular meeting of all the CGD companies and OMCs to exchange the data of PNG connections released. OMCs are carrying out an elaborate exercise of identifying the consumers address/household for blocking the LPG connections and exhorting the customers to keep in safe custody their LPG connections by surrendering the LPG equipment”.

1.72 In addition to this, the Ministry informed about following actions taken to hasten the process :-

- "Awareness campaign through pamphlets by OMCs and CGD companies to educate the customers to surrender LPG connections, who have in possession of PNG connections.
- Safety campaigns conducted at colony level by OMCs to create safety awareness thereby facilitating safe custody of LPG connections.
- Broadcast of messages through local FM channels by OMCs and CGD companies to expedite the surrender of LPG connections.
- CGD companies and OMCs have started issuing letter to consumers to surrender LPG connections after receiving PNG connection. This has resulted in consumers approaching LPG distributors to surrender their LPG connections themselves for keeping it in safe custody.
- Joint advertisement through Print Media in leading Newspapers of English and local language has been done in Delhi and is being done in other cities jointly by CGD companies and OMCs.
- Some CGD companies and BPCL has started displaying running message on their website advising PNG users to surrender their LPG connections under "safe custody". Other CGD companies and OMCs are in the process of doing it.
- CGD companies have started submitting the undertakings received from their new PNG consumers for taking necessary action in blocking the LPG connections to OMCs.
- For creating consumer awareness, OMCs have been directed to make it mandatory for respective LPG distributors to place a board (on wall or stand) stating that 'LPG connection need to be surrendered for safe custody within 60 days of obtaining PNG connection'."

1.73 When asked about the cases of delayed release of PNG connections, the Ministry submitted the following:

> "IGL deploys its resources to provide connections to all the residents that have registered for domestic PNG connections according to a schedule. All the PNG connections are provided against registration received in any area/ colony subject to technical feasibility, availability of residents at the time of execution and availability of digging permissions, if required. In case any of the registered customers cannot be contacted due to any reason repeat attempts are made to contact the registered customer for completion of connections.
>
> Some complaints have been received for delay in release of connections, in such cases customers are given a time frame within which connections are completed. Some times delay is also caused due to non-availability of digging permissions from land owning agencies, which is beyond the control of IGL. However, IGL has a practice to address all such complaints on priority".

(H) PNG supply in Delhi/NCR

1.74 Delhi has been divided into 70 charge areas corresponding to 70 Assembly Constituencies by PNGRB. So far IGL's network is present in 55 charge areas and IGL plans to connect all the 70 charge areas in 2012-13. For the cities of Noida, Gr. Noida and Ghaziabad though charge areas have yet not been defined by Petroleum & Natural Gas Regulatory Board (PNGRB), however, expansion of IGL Pipeline Network is continuing as per plans to cover the entire cities.

1.75 As regards some colonies in the 55 charge areas where PNG supply has not reached so far as well as all the colonies in the remaining 15 charge areas, the Ministry informed that those shall be covered progressively. Government is aiming to release atleast 40,000-50,000 connections every year keeping in view the external constraints mainly related with permissions.

1.76 Ministry through a written reply apprised the Committee that to secure a PNG connection the residential unit of prospective consumers should be located in an area / colony where PNG infrastructure of IGL is currently available. And as per PNGRB Regulations of 2008, IGL as CGD Entity is under obligations to provide a PNG connection, in case residential unit of customer is located at distance of not more than 25 Mtrs. from the nearest point of the IGL's Piped Natural Gas underground network.

1.77 On being asked about the PNG connections released in Delhi and NCR regions of Noida, Greater Noida and Ghaziabad, the Ministry informed that IGL authorized to lay CGD network in Delhi/NCR has provided 2.63 lakh domestic PNG connection in Delhi and NCR towns of Noida and Greater Noida, Ghaziabad up to June 30, 2011 with 235439 in NCT of Delhi, 8957 in Noida, 2107 in Gr. Noida, 16448 in Ghaziabad. In the year 2010-11, IGL has provided 45, 259 domestic PNG connection in Delhi against the target of 35,000 connections given by PNGRB.

1.78 The Ministry further apprised that the existing 2.63 Lakhs domestic PNG connections correspond to the network that has already penetrated to an estimated number of 8.0 Lakh households in four cities. This corresponds to PNG connections having been released to 33% households in areas where PNG network is already

operational. Wherever IGL Network is laid, in order to ensure that any left out residents can also avail this facility, IGL has been regularly inviting registration from such residents. A door to door contact campaign is already underway to invite registration from such residents. Customers also have an option of registering for PNG connection through IGL Website or at 24x7 Customer Care Number. IGL is doing everything possible to bring more and more consumers in its fold.

1.79 When asked the reasons for consumers not opting for PNG over LPG despite of being a cheaper and convenient fuel, the Ministry stated the following in a written reply:

> "Despite being a convenient, economical and safer fuel, some of the consumers do not opt for a PNG connection for various reasons such as tenant being occupants, intermittent occupancies, occupants unwilling to discontinue LPG facility. Some of the households do not opt for PNG connections in first round but progressively register for PNG connections at a later date.
>
> In newly developed towns of Noida and Gr. Noida it has been observed that it takes few years to attain reasonable levels of occupancy in builder flats / government's allotted residential units. Though, PNG network is available in such areas of these towns but because of large number of un-occupied residential units, numbers of PNG connections continues to be low. It will be endeavour of IGL to offer the PNG connections to consumers who shift to such unoccupied residential units in coming years. In areas where PNG network is available IGL carries out regular marketing campaigns through various means to increase conversion".

(I) <u>CNG Network</u>

1.80 CNG filing stations are covered under City Gas Distribution Network development. The setting up of CNG stations form a part of the business plan and commercial decision of the authorized entity which is involved in the development of City Gas Distribution network in the particular authorized Geographical area.

1.81 At present there are around 724 existing CNG stations in the country, the State wise details as provided by the Ministry are as under:

CNG stations in India State-wise

S.No	State	Region	No. of CNG stations
	Delhi	Delhi NCT	216
	Andhra Pradesh	Vijaywada	7
		Hyderabad	5
		Kakinada	1
	Uttar Pradesh	Muradabad	2
		Mathura	2
		Agra	3
		Lucknow	7
		Kanpur	0
		Bareilly	0
	Gujarat	Gandhinagar	7
		Mehsana	5
		Savarkatha	3
		Surat Bharuch Akhleshwar	36
		Navsari	7
		Valsad	10
		Gandhinagar	8
		Hazira	1
		Palej	1
		Nadiad	9
		Surendranagar	6
		Halol	2
		Rajkot	16
		Khambhat	3
		Ahemdabad-HPCL	16
		Ahemdabad- Adani Gas Ltd.	45
		Vadodra	8
	Tripura	Agaratala GA including Bodhjungnagar and Rokhia	1
	Maharashtra	Mumbai	144
		Pune Muncipal Corporation	13
	Haryana	Sonipath	1
	Rajasthan	Bhiwari	4
		Kota	1
	Madhya Pradesh	Dewas	1
		Indore	5
		Ujjain	1
		Total No. of CNG Stations	597

1.82 It is seen from the above table that there is uneven distribution of CNG pumps in the country. While Delhi NCT has 216 stations, some cities Kanpur, Barelli have no CNG station. When asked the suitability of existing petrol/diesel retail outlets for dispensing CNG, the Ministry informed as under:

> "With the help of installation of CNG cascade & CNG dispensing station, CNG can be dispensed in petrol/diesel out lets. These types of stations are known as daughter stations. Most of the CGD entities operate daughter stations. The authorized CGD entity is free to tie up with the OMC's to co-locate the CNG stations in their premises".

1.83 Enquired about the inadequate number of CNG filling stations alongwith highways and whether Ministry have issued any guidelines to ensure setting up of at least minimum number of CNG stations at Highways, the Ministry furnished the following:-

> "Keeping in view the requests made by various State Governments, PNGRB has been considering the entire district as one or more geographical areas for development of CGD networks so that the entire district including highways is covered with CGD. Thus, the authorized entity could set up CNG stations along the highways also within the authorized geographical area based on techno-economic viability".

1.84 When asked the reasons for not allowing GAIL to set up CNG stations on highways outside the authorized areas, the Chairman, PNGRB during evidence stated

> "CNG is an important part of the CGD business. Now you allow GAIL to set up CNG stations without the bidding process on the highways which are passing through very important areas, now after that if they take away the CNG business and we put the surrounding areas through the bidding process would anybody bid for those areas. So, what we are now doing, why we are taking the larger areas is that all the highways are covered by the CGD areas so that you take a all-round development of that area, this is also including what the State Governments telling at the level of Chief Ministers including the chief Minister of Andhra Pradesh, they say that if you take away the urban areas and grant authorization for that who will go to the rural areas".

1.85 On being further asked whether any guidelines or directions have been issued by PNGRB for entities/companies willing to set up CNG stations outside the authorized areas, the Chairman, PNGRB informed as under:-

> "We have already suggested this. To facilitate this without jeopardizing the feasibility of CGD entities, what we have said in our guidelines which we are coming out with, is that if anybody puts up a CNG station and most likely it will be

the existing petrol pumps, whenever an area is bid out for CGD entities and suppose the oil companies are not successful in the bid, then it will operate with the approval of them it can compress gas from the entity".

(J) Formalities for laying CGD Network

1.86 A City Gas Distribution entity like IGL requires clearances from various authorities before starting of any pipeline laying/digging work. These authorities include Municipal Corporations and other Civic Authorities etc. The concerned authorities provide permissions only after payment of road restoration charges by CGD entities.

1.87 When asked whether this cumbersome and time consuming procedure could be simplified by introducing single window clearance for sake of saving the unnecessary time and cost overruns, Ministry submitted as under:-

"Yes, procedure needs to be simplified and a single window clearance is required to avoid delays in obtaining permission. This will in turn benefit the customers for getting their PNG connections without delays and State Government should assure that due priority should be given for laying of CGD infrastructure".

1.88 When asked to how the PNGRB is proceeding in the matter and what steps have been taken in consultation with the Government, the PNGRB informed the Committee in a written note as under:

"PNGRB has been pro-actively taking up issues such as creation of the facility of Single Window Clearance Mechanism, nomination of a Sr. Officer as the Nodal Officer, creation of pipeline corridors and common ductings in urban areas for CGD networks along with other infrastructural facilities etc. for ensuring smooth implementation of projects in this sector. Letters to the Chief Secretaries of the State Governments in this regard are followed up by meetings of the Chairperson with the Chief Minister of the States in which such projects are undertaken. The responses of the State Governments have generally been quite encouraging".

1.89 In reply to a query regarding the problems faced by the CGD entities in acquisition of land for laying pipeline, Ministry of Petroleum and Natural Gas stated the following:

"GAIL & RGTIL is facing resistance from farmers/landowners in acquisition of Right of User in land (RoU) under The Petroleum & Minerals Pipeline Act 1962 (P&MP Act) for laying of pipelines on account of compensation for acquisition of RoU. As per the Act, compensation @ 10% of market rate of land is paid which in most cases are unacceptable to land owners and both are also facing many court

cases. To overcome these impediments, it would require amendment of the P and MP Act, 1962 and the same is under consideration" (22i)

(K) Investor's Interest

1.90 The Ministry in a written reply informed that the entity setting up CGD network commits to supply CNG for transport, piped natural gas for household and also serves willing industrial and commercial customers. Since customers in any city have alternate options of liquid fuels in the form of petrol and diesel for transport and LPG for cooking purposes, the CGD sector has to compete for customers using these fuels. The entity undertaking CGD business undertakes a commercial risk. Government tries to make available domestic gas subject to availability and the readiness of the entity to offtake the gas as per priorities laid down by the EGoM. The taxes on CNG are much lower compared to liquid fuels making CNG economically competitive vis-à-vis liquid fuels.

1.91 Regarding the steps being taken to attract investors the Ministry apprised that to mitigate the risk and compensate investors the PNGRB under its notified regulations provides for 5 years market exclusivity not only to encourage investment but also for ensuring competition in order to benefit the consumers.

(L) Safety and Security of the Network

1.92 To maintain an uninterrupted supply and ensure consumer's satisfaction and safety, a sound and robust gas dispensing network is an indispensible requirement. When asked about the remedial and preventive measures taken to ensure safety and security of the underground network. The Ministry in reply stated as under:-

"1. Helicopter/ Aerial Surveillance of the identified major pipeline network on monthly basis to detect any encroachment in the ROU of pipeline.

2. Foot Patrolling along ROU of all natural gas pipeline networks by Security Agency/GAIL employee as per the defined frequency in line with the recommendation/guidelines of OISD/PNGRB/ASME standard to detect encroachment/unauthorized construction activity/soil erosion/wash out etc.

3. The pipeline portion/installations which are above ground, such as SVs/IPs/RR, hired security personnel have been deployed on round the clock basis for safety & security of the installations.

4. All underground pipelines are cathodically protected from corrosion. As a preventive measure for safety of pipeline, coating integrity survey is being carried out as per defined frequency of the company.

5. Pipeline Warning Boards/Pipeline markers have been provided along the pipeline ROU to demarcate the route and to alert the third parties carrying out any work in the vicinity of ROU.

6. Awareness campaign is being conducted among villagers and habitats along pipeline route to make them aware about DO's and DO NOT's with regards to the pipe line passing from their locality/ field/ farms. Important contact number for communication, if case of emergency, is also displayed.

7. Warning, direction and pipe line boundary markers are placed along the pipe line Right of Use (ROU)

8. External and Internal Safety Audits of pipe line and its installations as per OISD/PNGRB guide line and company policy.

9. HAZOP study of pipe line installations as per required frequency in line with OISD standards".

1.93 On being further enquired regarding the cases of accidental damage to pipelines reported till date by the various companies, laying the network, the Ministry informed that there have been total 8 complaints of accidental damages to underground pipelines of GAIL by the activities of Government/Private bodies since 2001. Out of these 8 incidents, 2 incidents have occurred in Agra & Firozabad City Gas Project and balance 06 took place in NCR, Mumbai & AP Region pipeline network.

1.94 The Ministry furnished following details regarding the number of cases of actual damage as reported by CGD entities:-

Company	**No. of Cases**
Indraprastha Gas Ltd.	61
Gujarat Gas Company Ltd.	16076 (Third party damage)

Tripura Natural Gas Company Ltd.	2500
GSPC Gas Company Ltd.	2003
Central Uttar Pradesh Gas Ltd.	2
Bhagyanagar Gas Ltd.	Nil
Green Gas Ltd.	Nil
Mahanagar Gas Ltd.	Nil

1.95 On being enquired about the reasons behind the sharp contrast in number of cases of accidental damage reported to pipeline network of Gujarat Gas Company Ltd., Tripura Natural Gas Company Ltd., and GSPC Gas Co. Ltd, in comparison to other entities, the Ministry in post evidence replies furnished the following:

> "Gujarat Gas Company: GGCL is operating in Surat City & Suburbs, which is one of the fastest growing cities. The exponential growth of municipal Corporation limit of Surat city has driven new infrastructure laying by other utilities. Further majority pipeline of GGCL is Poly Ethylene (PE) pipeline which are prone to higher degree of damage compare to Steel pipes.
>
> TNGCL: The indicated figure of 2500 nos. is for the last 20 years i.e. from 1990 to 2010. T he damages were occurred by any third party during execution of their works. This includes the damages of Service pipelines occurred by the consumer himself and inside his premises during execution of construction work.
>
> GSPC Gas: GSPC Gas network spread across 10 Geographical Areas 20 major towns/ cities and more than 180 villages".

1.96 The reply further stated that several steps have been taken to improve the situation which are as under:

> "(i) Setting up of round the clock manned central control room in a radius of 8-10 km. having necessary tools and emergency vehicle to tackle and emergency
>
> (ii) Installation of Markers along the length of pipeline network at regular intervals to caution public as well as other parties.
>
> (iii) Round the clock surveillance through extensive patrolling."

M. PNGRB –Staff strength

1.97 One of the major problems as stated by PNGRB is of getting the required manpower and staff with appropriate background and experience. The reason being the absence of flexibility to decide on the number and nature of the manpower and their packages. Therefore, the attempts by the Board to attract persons with necessary technical and professional background and experience to man the 12 officers level post (out of the total 44 sanctioned by the Government) have not till date borne any results.

1.98 As regards the fees and charges levied by PNGRB for self sustenance the PNGRB, stated:-

> "Clause (g) of sub-section (2) of Section 61 of the Petroleum and Natural Gas Regulatory Board Act, 2006 empowers the Board to levy fee and other charges at such rates and in respect of such services as may be determined by Regulations. Accordingly, PNGRB has notified the Petroleum and Natural Gas Regulatory Board (Levy of Fee and Other Charges) Regulations, 2007 (copies of the notifications dated 26th November 2007 and 7th June 2010 are enclosed). During the years 2008-09, 2009-10 and 2010-11 (upto 15.3.2011), PNGRB has received about Rs.11.85 crore, Rs.2.47 crore and Rs.6.0 crore respectively towards application fee for grant of authorisation for pipelines/CGD projects, other charges, sale of tender documents, etc. While PNGRB has requested MOP&NG to clarify whether the Board can utilize such revenue being generated for meeting its expenditure, it has been meeting its requirement of funds from the grant-in-aid received from the Government".

PART-II

OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE

Recommendation No. 1

CGD Coverage

The Committee note that use of natural gas as fuel for city energy purposes has considerable advantage over traditional fuels as it is cleaner, more efficient, convenient and safe. The Government is promoting City Gas Distribution (CGD) projects in a phased manner which comprises providing piped natural gas (PNG) to domestic, commercial and industrial consumers and compressed natural gas (CNG) to transport sector. It is currently operational in 77 cities and Government has formulated Vision 2015 which envisages CGD network to cover another 201 cities by 2015.

The Committee also note that the infrastructure for the project namely the trunk and other pipelines will be traversing through the major cities of the country. The Committee are of the opinion that instead of limiting the CGD project to 201 cities as per VISION 2015, the people living in small towns and thickly populated villages which are on the route of the pipelines should also be extended the benefits of the project. This in the Committee's view will make the inclusive and equitable growth a reality for the rural households. The Committee desire that suitable incentives be given by the Government to the entities and the consumers in the rural areas to opt for PNG and CNG for their requirements

The Committee further note that use of CNG for transportation and PNG for household in cities envisages replacing use of liquid fuels and thereby saving on subsidies being given to diesel and domestic LPG cylinders. As the price of CNG/PNG is lower than the price of petrol, subsidized diesel and LPG, the consumers will also benefit from lower costs. Also the cleaner environment is additional benefit. Since the gains could be manifold, the Committee recommend that the Ministry should conduct a study to arrive at a cost benefit analysis of the CGD project. The Committee further desire that a similar study for use of CNG/PNG piped gas in rural area may also be conducted taking into account the price advantage to farmers and environmental benefits that will accrue therefrom by avoidance of felling of trees and use of unclean fuel.

Recommendation No.2

Notification of Section 16 of PNGRB Act

The Committee note that the PNGRB Act, 2006 notified on 1.10.2007 inter alia provides legal framework for development of CGD network. However Section 16 of the Act pertaining to authorization for laying, building etc. of pipeline was not notified with the Act. The Committee are unable to understand the reason for not notifying a crucial section which led to unnecessary court cases questioning the functioning of PNGRB and challenging the authorization given by the Board to the entities. This resulted in stalling of bidding process for allocation of CGD projects. The Committee have now been informed that Section 16 have been notified on 12.7. 2010 and the Hon'ble Supreme Court vide order dated 12.5.2011 allowed the Board to grant authorization. While expressing strong disapproval on the delay on the part of the Ministry, the Committee desire that the PNGRB should now quicken the pace of authorization and award licenses on priority.

The Committee are unhappy that the Ministry and the PNGRB are at loggerheads on various issues thereby affecting the implementation of CGD Projects. In this connection, the Committee would also like the Ministry and PNGRB to work in a constructive way for timely implementation of CGD projects rather being antagonistic for achieving same objectives.

Recommendation No.3

(Demand and Availability of Gas)

The Committee note that against the demand of 279.43 MMSCMD of gas in 2011-12 by various sectors only 166.17 MMSCMD was available. To meet the shortfall, besides increasing domestic production through intensified exploration efforts and developing alternate sources of gas, it is envisaged to bring gas from gas surplus countries through transnational pipelines and import through LNG. The Committee has been informed that govt. is pursuing two transnational pipeline Project viz. TAPI (Turkmenistian – Afghanistan – Pakistan – India) and IPI (Iran – Pakistan – India) having gas transporting capacities of 90 and 60 MMSCMD respectively. The Committee have been informed that for TAPI pipeline project, Gas Sale Purchase Agreement have been settled and bilateral negotiations are on with Turkmenistian for Gas pricing and with Pakistan and Afghanistan for finalizing transit fee. While expressing satisfaction over the developments in this project, the

Committee desire that the government should maintain the pace of progress for early start of the project.

In case of IPI pipeline, the various issues relating to delivery point, structure of project in Pakistan, transportation tariff and transit fee have been discussed in bilateral talk with Pakistan in April 2008. Further during the visit of Deputy Minister of Oil of Iran in November 2009 it was agreed to hold the next joint working group meeting at the earliest for discussion of IPI project. However, since then there has been no progress on the project. Noting that these projects would bring significant amount of gas in the country which will considerably ease the availability of the gas in the country, the Committee recommend for vigorously pursuing for the speedy settlement of the remaining issues, and for earliest start of these projects.

Recommendation No.4

LNG Regasification Capacity

The Committee have been given to understand that consequent to Government decision of putting LNG under Open General License, the import of LNG is being pursued diligently to give necessary fillip to the gas supply. The Committee observe that present LNG regasification capacity of country stands at 13.6 MMTPA, comprising of 10 MMTPA at Dahej and 3.6 MMTPA at Hazira of Petronet LNG Limited (PLL). Government has set a target to augment this capacity to the level of 50 MMTPA by the year 2016-17, by undertaking successive capacity additions in the existing LNG terminals capacities of Hazira and Dahej and also by installing new terminals at Kochi, Ennore, Mundra and at the eastern coast. The Committee while expressing satisfaction over the proposed targets, recommend that Government should closely monitor the progress to ensure adherence to the planned target.

Recommendation No.5

LNG Import

The Committee note that to meet the shortfall in the domestic supply of natural gas, LNG is being imported from different countries through long term contracts or by spot LNG purchases. However, there occurs considerable difference in the prices of gas when purchased under these two modes. The Committee note that the Government has long term contract to supply LNG at $7.49 per MMBTU, while for spot purchases the entities are paying around $14 per MMBTU. The Committee,

therefore desire the Government to seriously strive to secure long term LNG contracts by locating potential suppliers which will not only reduce the outgo of foreign exchange, but also result in assured supply of gas.

Recommendation No.6

Gas Allocation to CGD Sector

The Priority for gas allocation is being decided by Empowered Group of Ministers (EGoM) under gas Utilization Policy 2008, as per the demand and importance of the sector. The City Gas segments has been placed at 4th position of this priority list after Fertilizer, LPG and Power Sectors. The Committee note that CGD received about 4% i.e. 5.34 MMSCMD of natural gas out of 120 MMSCMD produced in the country during 2010-11. The Committee feel that taking into account the low requirement of natural gas by CGD network compared to other sectors like fertilizer and power which consume 75% of the total gas production coupled with large benefits that accrue from use of CGD, this sector should be given higher priority so that it get assured supply of gas.

The Committee further note the total demand of CGD sector of 15.83 MMSCMD, about 45% i.e. 6.227 MMSCMD was met through imported RLNG. Taking into consideration the rapid growth of CGD at 39.4% in 2010-11, with another 201 cities expected to be covered by 2015 ,the demand of natural gas is expected to escalate in future. The Committee, therefore, desire that the quantum of gas allocation to CGD sector should increase considerabely in tune with the growth of the sector.

Recommendation No.7

Gas Allocation to Entities

The Committee note that the total APM gas allocated under the gas Utilisation policy for CGD sector was around 5.34 MMSCMD in 2010-11 which in turn was allotted to the 21 entities. Rest of the requirement of gas was met by entities through imported RLNG.

The Committee note that the percentage of APM gas allotted to the gas entities varies from 0% to 100%.. While IGL and MGL were allotted 78% of its requirement from APM gas, other entities like GGCL were allotted less than 10%. It appears to the Committee that there is no specific criteria being followed in allocation of gas to these gas entities. The Committee desire that there should be a

rationale in allocating gas to entities and recommend Ministry to evolve the criteria for this purpose as more entities may seek allocation once CGD network is expanded to more cities as per Vision 2015.

Recommendation No.8

Pricing of PNG/CNG

The Committee note that the gas entities source their gas requirement from APM gas allocated to them and through imports. The percentage of APM gas and RLNG in the total consumption determines the price of natural gas charged by entities to its customers. The Committee have been informed that the landed cost of APM gas is Rs 8.70 per SCM while the landed cost of RLNG is Rs 22.77 to 36.75 per SCM.

The Committee note that IGL gets 78% of its requirement from APM gas and sources 17% of its requirements by R-LNG imports. The retail price charged by IGL to domestic household in Delhi is under two slabs namely Rs 22 per SCM upto consumption of 30 scm in two months and Rs 34 for above this consumption.As against this, GSPL Gas which operates in Surat ,Bharuch and Ankhaleshwar sources 100% of its requirements through import of R-LNG and charges Rs 17.495 per scm from its customers.

The Committee fail to understand as to how IGL which is allotted 78% of its gas requirements from APM Gas which is much cheaper as compared to RLNG charges a higher price from its customers as compared to GSPL which meets its entire requirements through Imports. On the same count, the Committee are also not convinced of the reasoning by IGL for differential pricing of PNG charged by them. The Committee therefore would like to be apprised in ithe variation of prices by the two entities and justification for differential pricing by IGL in Delhi .

The Committee understand that Ministry is considering a report on uniform pricing of gas submitted by GAIL and holding consultations with various stakeholders. The committee desire that Ministry should move forward on this issue at the earliest.

Recommendation No.9

Regulation of PNG/CNG prices

The Committee note that the prices of PNG/CNG are being fixed by entities operating the CGD Projects and do not seek approval from PNGRB or Government while fixing / revising their prices.

The Committee further note that PNGRB being the regulator of the hydro-carbon sector has been mandated under Section 11(f) PNGRB Act to monitor prices of notified petroleum, petroleum products and natural gas and take corrective action in cases of Restrictive Trade Practices. However, as informed by the Ministry, under Section 2(zc) of the Act CNG/PNG do not come under notified petroleum products and hence Section 11(f) is not currently applicable.

The Committee feel that CNG being an important fuel in the transportation sector and PNG for domestic, commercial and industrial customers, any revision of prices in CNG/PNG will have spillover effect to the other sectors of the economy. The Committee also observe that in the cities CNG / PNG are supplied by single entity. In the absence of competition, the entity should not take advantage and revise prices arbitrarily. Therefore, the Committee are of the view that regulation of prices is desirable as on the lines of other sectors namely Power.

The Committee are of the strong view that PNGRB being the regulator of the sector should be entrusted with the fixing or regulating the prices of CNG/PNG being sold in different cities by various entities. The Committee therefore recommend that Ministry should take immediate steps to amend PNGRB Act in respect of Section 11(f) so as to empower it to fix or approve pricing of PNG/CNG.

Recommendation No.10

Declared Goods Status to Natural Gas

The Committee note that the Central & State taxes alongwith Octroi are levied to arrive at the retail price of CNG/ PNG. There is however a large variation in state taxes on CNG/ PNG . This is highlighted by the price of CNG at Delhi and Noida which is supplied by the same entity viz. IGL. Due to difference in VAT (Delhi – 0%, U.P. 13.5%) the price at two places is Rs. 32 per K.G. and Rs.35.9 per K.G. respectively.

The Committee observe that to remove this disparity, MoP&NG had separately taken up the matter with Ministry of Finance for granting declared goods status to Natural Gas, The Committee

desire that the Ministry should vigorously pursue with the Government to get the Declared Goods Status for Natural Gas and Committee be apprised of the progress.

The Committee further note that CGD sector does not get tax holiday under Section 80 I-A of Income Tax Act. 1961 . The Committee feel that CGD projects should be treated as an important infrastructure project and In order to give fillip to investments in this sector, they recommend that MOPNG may take up with Ministry Of Finance to get the benefit of tax holiday under Section 80 I-A of Income Tax Act 1961 .

Recommendation No.11

Laying of Infrastructure

The Committee find that gas trunk pipelines are being laid across the country under National Gas Grid project to transport gas and spur lines from these trunk pipelines are being drawn to take gas to customer's household. As per PNGRB data for the year (2010-11) the country is having pipeline infrastructure of 11,404 kms. with carrying capacity of 288 MMSCMD. The upcoming network includes 14 trunk pipelines under operation of GAIL, RGTIL and GSPL which will increase the length to 14,531 kms and designed capacity to 425.55 MMSCMD..

The Committee have been given to understand that work on these pipelines is going as per schedule except in the Haldia- Jagdishpur Pipeline authorized to GAIL. The Committee are unhappy to note that there has not been much progress in this pipeline , though it was approved in July 2009 with completion schedule of 36 months . The roadblock is the Kakinada-Haldia Pipeline stretch authorized to RGTIL which is the gas conveying segment for transporting gas from KG-D6 field to Haldia-Jagdishpur line. The work on this line has not started yet as according to the Ministry, RGTIL has cited insufficiency of gas from KG-D6 basin to feed this pipeline.

The Committee are of the strong view that National Gas Grid is central to development of gas distribution networks in the country and it is essential that the completion schedule of these trunk pipelines should be strictly adhered to. The laying of infrastructure or any part thereof should not be linked to availability of gas as the same can be sourced from international market too. The Committee expresses their unhappiness on the delay on the part of RGTIL which has

delayed the laying of important trunk pipeline thus adversely affecting the national gas grid, In this connection, the Committee have also been informed by PNGRB that in letters of approval to RGTIL, the implementation schedule was indicated as 36 months from the date of first notification granting Right of Use (ROU) under Petroleum Mineral Pipelines Act, 1962 which has made the implementation of these pipelines open-ended. While holding the Ministry responsible for this, the Committee recommend that Government should ensure completion of this pipeline in a time bound manner.

Recommendation No. 12

PNG Network

The Committee are happy to note that under the CGD network 18,27,802 PNG connection, have been released in 10 states till 1st April, 2012. The largest number of benefitted consumers are in state of Gujarat having 9,45,258 connections released so far. However, large part of the country specially southern and eastern regions are not covered in the CGD network, where programme of gas distribution, through pipelines has still to take off. The Committee desire that the remaining states be also taken into the ambit of this facility by expediting the laying of trunk pipelines proposed under National Gas Grid so that CGD projects in the various states can also be implemented.

Recommendation No.13

PNG Covergae in Delhi/NCR region

The Committee note that in the NCR region CGD network is being handled by IGL, a joint venture of GAIL, BPCL and Delhi State govt. The Committee also note that PNGRB has divided Delhi into 70 charge areas corresponding to 70 assembly constituencies. However, IGL network is present in only 55 charge areas in Delhi region and IGL plans to cover all 70 charge areas in 2012-13. While expressing unhappiness that though IGL had started operation in Delhi as early as in 1998, the entire Delhi region is still not connected by IGL network, the Committee recommend that all the remaining 15 charge areas in Delhi should be expeditiously covered. The Committee further desire that in NCR regions PNGRB should finalize the charge areas at the earliest to enable IGL to expand the service to households in these areas.

The Committee also further note that 2.63 lakh connections have been released in Delhi which is about covering 33% of the household. The Committee are constrained to observe that the progress achieved in the last 15 years is very modest as more than 67 % of the household still remain

uncovered by PNG connections. The Committee, therefore, recommend that the Ministry/IGL should quicken the expansion of household connection to uncovered areas in Delhi and strive to achieve 100% connection in areas where IGL Network is already in place.

Recommendation No. 14

Blocking of LPG connections

The Committee find that till 1st April, 2012 City Gas Distribution Companies have released 18,27,802 PNG connections in 10 states and corresponding to this only 8,89,269 LPG connections, have been blocked by downstream oil companies. The huge backlog is reportedly being attributed to the lack of coordination between different companies involved in the process, namely the CGD entity releasing PNG connections and OMCs, who had distributed LPG connections to the consumer. The Committee are surprised that this important aspect had remained unattended and only recently that MoP&NG has taken steps which include conducting regular meetings with OMCs and CGD entities for exchange of data on PNG connections released. The Committee note that due to steps taken by the Ministry there have been significant improvement in blocking of LPG connections whereby 2 lakh connections have been surrendered between November 2011 and April 2012. The Committee recommend that the steps taken by MoP&NG should be followed up regularly for early clearance of the remaining backlog.

Recommendation No. 15

Clearances for laying CGD network

The Committee note that City Gas Distribution entities engaged in laying of pipeline network, require clearances from various authorities before starting any pipeline laying/digging work. The Committee have been informed that these clearances are to be obtained from various State Governments, local civic authorities including municipal corporation, PWD, power companies and railways etc. The whole process usually takes several months and results in cost and time overruns on the projects. The Committee, however, are happy to note that PNGRB has taken slew of measures like creation of facility of single window clearance mechanism, creation of pipeline corridors, nomination of senior officer as the nodal officer, etc. to effectively handle the situation. Considering the benefits of simplified clearance process, the Committee strongly recommend Ministry / PNGRB to pursue the matter with adequate diligence with the respective State Governments to reduce delays in completing such works.

Recommendation No.16

CNG Network

The Committee note that presently there are 724 CNG Stations operating in 9 states of the country. While Delhi (216) and Mumbai (144) have adequate number of CNG Stations, most of the other cities where CGD is operational have very few CNG stations. The Committee feel, with sparse network of CNG Stations the people in these cities have not been able to get the full benefit of CNG for their requirement.

The Committee have been informed that existing petrol/diesel outlets are suitable for dispensing CNG and the same infrastructure could be utilized. In view of the above, the Committee recommend that Government should advise CGD entities / OMC'S to utilize the available infrastructure to increase the number of CNG stations so as to meet the demand in these cities.

Recommendation No.17

CNG Stations on highways

The Committee note that there is an acute shortage of CNG stations along the highways causing hardships to commuters using CNG Vehicles on these highways. This situation cannot be remedied till the licenses are awarded to entities to operate CNG stations in the highways. However Committee are given to understand about GAIL's willingness to set up and operate CNG stations in these highways. The request of GAIL has not been agreed to by PNGRB since according to them the authorization rights without the right to set up CNG stations would appear less lucrative to the bidders and hence may feel reluctant to bid for these areas in future. As informed by the then Chairman PNGRB ,to remove this stalemate, Government is offering bigger geographical blocks covering also the highways and some guidelines pertaining to this are also in pipeline. The Committee recommend the PNGRB to expedite the issue of guidelines on highways to set up more CNG stations which will greatly address the grievances of commuters.

Recommendation No.18

Functioning of PNGRB

The Committee observe that clause (g) of sub Section (2) of Section 61 of Petroleum and Natural Gas Regulatory Board Act, 2006 empowers board to levy fee and other charges in accordance with notified regulations. But due to lack of clarity of the provision, the board is in dilemma regarding the utilization of funds generated by levying of fee and other charges and hence facing financial constraints. However, the Committee have been informed that PNGRB has requested Ministry of Petroleum and Natural Gas to clarify whether board can utilize the revenue so generated for meeting expenditure in addition to the fund received from Government as grant-in-aid. The Committee therefore, desire MOPNG to clarify regarding the utilization of funds and wish to be apprised of the same.

The Committee further note that one of the main bottlenecks being faced by PNGRB in way of gaining stability and establishing itself as an efficient oil/gas regulator is the problem of getting the required manpower with appropriate background and experience. The PNGRB has stated that Board has not been given flexibility and autonomy to decide the number and nature of the manpower and their compensation packages. The attempts of PNGRB have therefore, not attracted the persons with appropriate professional background and experience. Taking into account the rapid growth of the sector with another 201 cities to be covered by 2015, the Committee strongly urge Government to take remedial measures.

New Delhi;
July, 2012

Asadha, 1934 (Saka)

ARUNA KUMAR VUNDAVALLI,
Chairman,

Standing Committee on Petroleum & Natural Gas.

Annexure-I

MINUTES

STANDING COMMITTEE ON PETROLEUM & NATURAL GAS

(2010-11)

SEVENTH SITTING

(24.03.2011)

The Committee sat on Thursday, the 24th March 2011 from 1500 hrs. to 1630 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Aruna Kumar Vundavalli - Chairman

MEMBERS

Lok Sabha

2 Shri Anandrao Adsul

3 Smt. Santosh Chowdhary

4 Dr. Ratna De

5 Shri Mukesh B. Gadhvi

6 Shri Maheshwar Hazari

7 Shri Gorakh Prasad Jaiswal

8 Shri Sudarshan Bhagat

9 Shri Vikrambhai A. Madam

10 Dr. Thokchom Meinya

11 Shri Mahabal Mishra

12 Shri Danve Raosaheb Patil

13 Shri Kabindra Purkayastha

14 Shri C.L. Ruala

15 Shri Uday Pratap Singh (Hoshangabad)

16 Shri Om Prakash Yadav

Rajya Sabha

17 Shri Silvius Condpan
18 Shri Kalraj Mishra
19 Shri Tapan Kumar Sen
20 Dr. Prabha Thakur
21 Shri Sabir Ali

Secretariat

1.	Shri A.K.Singh	-	Joint Secretary
2.	Smt. Anita Jain	-	Director
3.	Shri J.V.G. Reddy	-	Additional Director
4.	Shri Arvind Sharma	-	Deputy Secretary

Representatives of the Ministry of Petroleum & Natural Gas

1.	Shri S.Sundareshan	-	Secretary
2.	Shri Sudhir Bhargava	-	Additional Secretary
3.	Shri Apurva Chandra	-	Joint Secretary (M)
4.	R.P.Watal	-	Secretary, PNGRB

Representatives of Public Sector Undertakings and other organizations

1.	Shri Prabhat Singh	-	Director, GAIL
2.	Shri M. Ravindran	-	CEO, Gail Gas Ltd
3.	Shri V.C. Chittoda	-	MD, MGL
4.	Shri Rajesh Ved Vyas	-	MD, IGL

2. At the outset, Hon'ble Chairman welcomed the representatives of the Ministry of Petroleum and Natural Gas and other organizations to the sitting of the Committee held in connection with the briefing by the Ministry on the subject 'City Gas Distribution Project'.

3. After a brief power point presentation by the Ministry on the subject, the Committee discussed various aspects which interalia related to the criteria, adopted by the Government for selection of cities/areas for laying of CNG/PNG pipeline network, the feasibility of providing CNG/PNG facility to all cities/areas, the price difference between PNG and CNG, the background and present status of the Special Leave Petition in the Supreme Court regarding delayed notification of the Section 16 of the PNGRB Act and its implications for the authorizations issued to the companies for laying of pipelines prior to the notification of Section 16, reasons for delay in commissioning of pipelines covering States like Bihar, West Bengal, Rajasthan, Madhya Pradesh, the reasons for inadequate/incomplete coverage of CNG/PNG facility in 54 of the 70 blocks in Delhi even though these 54 blocks were officially declared/claimed to have been covered completely, progress in laying of Bhatinda-Nangal and Haldia-Jagdishpur pipelines, inadequacy of CNG stations in Gujarat and Delhi and the need for establishing a single window clearance system for expediting the process of setting up of CNG stations and sorting out all the outstanding issues in this regard with the Delhi and Gujarat Government through coordinated meetings.

4. The Chairman then asked the Secretary of the Ministry to furnish written replies on the issues/points raised by the Members on which information was not readily available.

5. A verbatim record of the proceedings of the sitting has been kept.

The Committee then adjourned.

Annexure-II

MINUTES

STANDING COMMITTEE ON PETROLEUM & NATURAL GAS

(2010-11)

NINTH SITTING
(20.04.2011)

The Committee sat on Wednesday, the 20th April 2011 from 1130 hrs. to 1300 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Aruna Kumar Vundavalli - Chairman

MEMBERS
Lok Sabha

2 Shri Anandrao Adsul

3 Shri Ramesh Bais

4 Smt. Santosh Chowdhary

5 Shri Mukesh B. Gadhvi

6 Shri Dilipkumar Mansukhlal Gandhi

7 Shri Maheshwar Hazari

8 Shri Gorakh Prasad Jaiswal

9 Shri Sudarshan Bhagat

10 Dr. Thokchom Meinya

11 Shri Mahabal Mishra

12 Shri Danve Raosaheb Patil

13 Shri K. Narayan Rao

14 Shri C.L.Ruala

15 Shri Uday Pratap Singh (Hoshangabad)

16 Shri Om Prakash Yadav

Rajya Sabha

17 Shri Silvius Condpan

18 Dr. Prabha Thakur

19 Smt. Gundu Sudharani

20 Shri Sabir Ali

Secretariat

1.	Shri A.K.Singh	-	Joint Secretary
2.	Shri J.V.G. Reddy	-	Additional Director
3.	Shri Arvind Sharma	-	Deputy Secretary

Representative of the Petroleum and Natural Gas Regulatory Board (PNGRB)

Shri L. Mansingh, - Chairperson

2. At the outset, Hon'ble Chairman welcomed the Members of the Committee and the Chairman, PNGRB to the sitting of the Committee held in connection with examination of the subject 'City Gas Distribution Projects'.

3. Thereafter a power point presentation was made by the Chairman, PNGRB highlighting the overall functioning, objectives, composition, authority of the Board in the context of the subject under examination. The Committee then discussed a number of important issues which *inter-alia* included delays in setting up of authorized pipeline networks, the reasons for delayed notification of Section 16 of the PNGRB Act and its impact on execution of CGD projects, difference between the Board and Government on issues relating to laying pipelines and City Gas Distribution Projects, identification of new areas for further coverage of left out areas under CGD network, reasons for not giving any preference to companies like GAIL for setting up of CNG stations along their main Trunk pipelines, inadequacy of CNG stations in Ahmedabad and other cities, etc.

4. The clarifications sought by the Members on various issues relating to the subject were responded to by the representative of the PNGRB. However, on some of the issues to which replies were not readily available, the Committee directed the Chairman, PNGRB to submit the required information latest by 30th April, 2011.

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6. **** **** **** **** **** **** **** **** **** **** ****

7. A verbatim record of the proceedings of the sitting has been kept.

The Committee then adjourned.

*****Matters not related to the subject

Annexure-III

MINUTES
STANDING COMMITTEE ON PETROLEUM & NATURAL GAS

(2010-11)

FOURTEENTH SITTING
(10.8.2011)

The Committee sat on Wednesday, the 10th August, 2011 from 1500 hrs. to 1730 hrs. in Committee Room "B", Parliament House Annexe, New Delhi.

PRESENT

Shri Aruna Kumar Vundavalli - Chairman

MEMBERS
Lok Sabha

2 Shri Anandrao Adsul

3 Shri Ramesh Bais

4 Shri Sameer Bhujbal

5 Dr. Ratna De

6 Shri Mukesh B. Gadhvi

7 Shri Maheshwar Hazari

8 Shri Sudarshan Bhagat

9 Shri Vikrambhai A. Madam

10 Dr. Thokchom Meinya

11 Shri Mahabal Mishra

12 Shri Danve Raosaheb Patil

13 Shri Kabindra Purkayastha

14 Shri C.L.Ruala

15 Shir Uday Pratap Singh

16 Shri A.K.S. Vijayan

17 Shri Om Prakash Yadav

Rajya Sabha

18 Shri Tapan Kumar Sen

19 Dr. Prabha Thakur

20 Shri Sabir Ali

Secretariat

1.	Shri A.K. Singh	-	Joint Secretary
2.	Smt. Anita Jain	-	Director

Representatives of the Ministry of Petroleum & Natural Gas

1.	Shri G.C.Chaturvedi	-	Secretary
2.	Shri Sudhir Bhargava	-	Additional Secretary

Representatives of Public Sector Undertakings and other organizations

1	Shri A.K.Hazarika	-	C&MD, ONGC
2	Shri N.M.Borah	-	C&MD, OIL
3	Shri R.P. Watal	-	Secretary, PNGRB
4	Shri Rajesh Vedvyas	-	MD, IGL
5	Shri V.C. Chittoda	-	MD, MGL
6	Shri R.K. Dhadda	-	MD, RGTIL
7	Shri Prabhat Singh	-	Director, GAIL
8	Shri M. Ravindran	-	CEO, GAIL Gas Ltd.
9	Shri R.K. Garg	-	Director, PLL

2. At the outset, Hon'ble Chairman welcomed the Members, representatives of the Ministry of Petroleum and Natural Gas and public undertakings to the sitting and explained the purpose of the meeting and the need for maintaining confidentiality of the proceedings of the sittings.

3. Thereafter, a representative of the GAIL apprised the Committee regarding the status of implementation of CGD projects and other related aspects through a brief power point presentation. Thereafter, the representatives of Ministry and the concerned PSU/other organizations replied to the queries of Members of the Committee on the subject.

4. The main issues which came up for discussion included availability, import and pricing of natural gas, sourcing of LNG, price thereof and mode of purchase, steps taken to ensure surrender of LPG connections by PNG customers and check on diversion of domestic LPG for commercial purposes, progress and current status of 9 pipelines authorized under PNGRB Act including 4 being operated by RGTIL, reasons for delay in laying of Jagdishpur-Haldia-pipeline and CGD network in North-East region, etc.

5. **** **** **** **** **** **** **** **** **** **** ****

6. The clarifications sought by the Members on various points related to the subject were provided by the representatives of the Ministry. On some of the points to which the Ministry's officials could not readily respond, the Chairman asked them to furnish written information within a specific time period.

7. A verbatim record of the proceedings of the sitting has been kept.

The Committee then adjourned.

***Matters not related to the subject**

Annexure-IV

MINUTES

STANDING COMMITTEE ON PETROLEUM & NATURAL GAS

(2011-12)

FOURTH SITTING
(20.12.2011)

The Committee sat on Tuesday, the 20th December, 2011 from 1500 hrs. to 1700 hrs. in Committee Room 'E', Parliament House Annexe, New Delhi.

PRESENT

Shri Aruna Kumar Vundavalli - Chairman

MEMBERS
Lok Sabha

2. Shri Vikrambhai Arjanbhai Madam Ahir
3. Shri Badruddin Ajmal
4. Shri Ramesh Bais
5. Shri Sudarshan Bhagat
6. Shri Sanjay Singh Chauhan
7. Smt. Santosh Chowdhary
8. Shri Mukeshkumar Bheravdanji Gadhvi
9. Shri Dilipkumar Mansukhlal Gandhi
10. Dr. Thokchom Meinya
11. Shri Mahabal Mishra
12. Shri Kabindra Purkayastha
13. Shri M.B. Rajesh
14. Shri C.L. Ruala

15. Shri Uday Pratap Singh

16. Shri Thol Thirumaavalavan

Rajya Sabha

14 Smt. Gundu Sudharani

15 Dr. Prabha Thakur

Secretariat

1.	Shri A.K.Singh	-	Joint Secretary
2.	Smt. Anita Jain	-	Director
3.	Shri Sanjeev Kumar Mishra-	-	Deputy Secretary

Representatives of the Ministry of Petroleum & Natural Gas

1.	Shri G.C. Chaturvedi	-	Secretary
2.	Shri. Sudhir Bhargava	-	Addl. Secretary
3.	Shri. Vivek Kumar	-	Joint Secretary (M)
4.	Shri. Neeraj Mittal	-	Director

Representatives of Public Sector Undertakings and other organisations

1.	Shri B.C. Tripathi	-	CMD,GAIL
2.	Shri R.K. Singh	-	CMD, BPCL
3.	Shri N.M. Bora	-	CMD, OIL
4.	Shri R.P. Watal	-	Secretary PNGRB
5.	Ms. Nishi Vasudeva	-	Director (Mkt.), HPCL
6.	Shri K.S. Jamestin	-	Director (HR), ONGC
7.	Shri M. Ravindran	-	MD, IGL

8.	Shri V.C. Chittoda	-	MD, MGL
9.	Shri A.K. Balyan	-	MD, PLL
10.	Shri V.K. Kaul	-	GM (Gas), IOC

2. **** **** **** **** **** **** **** **** **** **** ****

3. Thereafter, the Hon'ble Chairman welcomed the representatives of Ministry of Petroleum and Natural Gas and the PSUs to the sitting and took their oral evidence on the subject 'City Gas Distribution Projects'. After a brief power point presentation by the Ministry, the Committee discussed various aspects of the subject which mainly related to the demand and supply scenario of Natural Gas to CGD Entities, Gas utilization Policy 2008 and preference to CGD Sector over other sectors, laying of infrastructure under CGD and success achieved so far, the surrender of LPG connection against PNG connection released in the 9 states etc.

4. A verbatim record of the proceedings of the sitting has been kept.

The Committee then adjourned.

***Matters not related to the subject**

Annexure-V

MINUTES
STANDING COMMITTEE ON PETROLEUM & NATURAL GAS
(2011-12)
TWELFTH SITTING
(11.06.2012)

The Committee sat on Monday the 11th June, 2012 from 1500 hrs. to 1715 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Aruna Kumar Vundavalli - Chairman

MEMBERS

2 Shri Sudarshan Bhagat

3 Smt. Santosh Chowdhary

4 Shri Kalikesh N. Singh Deo

5 Shri Mukeshkumar Bheravdanji Gadhvi

6 Dr. Thokchom Meinya

7 Shri Mahabal Mishra

8 Shri M.B. Rajesh

9 Shri C.L. Ruala

10 Shri Brijbhushan Sharan Singh

11 Shri Dhananjay Singh

Rajya Sabha

12 Smt. Gundu Sudharani

13 Dr. Prabha Thakur

14 Shri Sabir Ali

15 Shri Tapan Kumar Sen

16 Shri Shankarbhai N. Vegad

17 Shri Mansukh L. Mandaviya

2. At the outset, the Committee took up for consideration the draft report on the subject City Gas Distribution Projects and adopted the same. The Committee also authorised the Chairman to finalise the Report after making consequential changes, if any, arising out of the factual verification of the Report by the Ministry and present the same to both the Houses of Parliament.

3. **** **** **** **** **** **** **** **** **** **** ****
4. **** **** **** **** **** **** **** **** **** **** ****

5. A verbatim record of the proceedings of the sitting has been kept.

The Committee then adjourned.

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*Matters not related to the subject